



REPUBLIC OF BELARUS

TECHNICAL ASSISTANCE REPORT—MONETARY POLICY MODELING

May 2020

This Technical Assistance report on the Republic of Belarus was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed in August 2018.

Disclaimer:

This document was prepared before COVID-19 became a global pandemic and resulted in unprecedented strains in global trade, commodity, and financial markets. It, therefore, does not reflect the implications of these developments and related policy priorities. We direct you to the [IMF Covid-19 page](#) that includes staff recommendations with regard to the COVID-19 global outbreak.

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REPUBLIC OF BELARUS

MONETARY POLICY MODELING

Karel Musil (Expert, Czech National Bank)

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GLOSSARY

FPAS	Forecasting and policy analysis system
FT	Forecasting team
IMF	International Monetary Fund
IT	Inflation targeting
MCM	Monetary and Capital Markets
MPEAD	Monetary Policy and Economic Analysis Directorate
NBRB	National Bank of the Republic of Belarus
NTF	Near term forecasting
QPM	Quarterly projection model
TA	Technical assistance

PREFACE

At the request of the National Bank of the Republic of Belarus (NBRB), a MCM project mission comprising Karel Musil (external expert, Czech National Bank) visited Minsk during August 21–31, 2018 for the seventh of the planned eight short-term technical assistance (TA) missions to help the NBRB enhancing its modeling, forecasting and policy analysis capacity, and the forecasting and policy analysis system, sponsored by the Swedish International Development Agency.

The mission followed up on the November-December 2016 MCM project initiation mission “Building Capacity in Monetary Policy Modeling and Analysis” and the subsequent six follow-up missions and two in-country customized training events.¹ The initiation mission reviewed the NBRB’s modeling, forecasting and policy analysis capacity, and forecasting and policy analysis system (FPAS). It agreed with the authorities on a medium-term program TA and training project to help revise the projection model and better tailor it to the evolving policy framework, strengthening NBRB’s modeling capacity, and further develop and improve the FPAS and policy decision making and analyses process. The earlier follow-up TA missions reviewed, adjusted and extended the core projection model (QPM), helped prepare and presented to the management and to the Board of the NBRB a mock-up QPM-based forecast scenario, and subsequently helped the NBRB staff identifying the initial conditions and compiling a QPM-based forecasts as a part of their first full forecasting rounds. It focused on processes related to the FPAS as well.

The mission met with Dmitry Murin, Head of the Monetary Policy and Economic Analysis Directorate (MPEAD); Zhanna Snopkova, Deputy Head of the Monetary Policy and Economic Analysis Directorate; and other senior officials and staff of the NBRB.

The mission would like to express its deepest appreciation to the management and staff of the NBRB, for their hospitality and the excellent arrangements made to facilitate the mission’s work, and to Julia Lyskova at the IMF Office in Belarus for her assistance during the mission.

¹ The first six from series of quarterly MCM TA missions “Monetary Policy Modeling”, all of them led by Karel Musil, took place during February 27–March 10, May 22–June 2, September 4–15, November 8–15, 2017, February 28–March 7, and May 28–June 8, 2018. The modeling team was also supported by two customized training courses delivered by the staff from the IMF Institute for Capacity Development and the Joint Vienna Institute in October 2017 and February 2018.